



ECCSD PARTICIPANT OPERATIONAL PROCEDURES MANUAL

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OVERVIEW

This Manual is designed to be a reference and training tool for all Participants of the Eastern Caribbean Central Securities Depository Ltd (ECCSD). Its purpose is to ensure that the firm understands the type of operations it is required to perform as a Participant in accordance with established ECCSD rules. In this manner, it is expected to serve as a guide for assisting Participants in establishing proper office procedures for undertaking the required tasks and activities. In particular, Participants are provided with the individual steps they must perform in the Clearance and Settlement process to ensure timely and efficient settlement of all securities transactions.

All operations outlined in this manual apply to licensed broker dealer firms. Operations with the exception of Clearing and Settlement apply to all other Participants.

The Participants should also carefully review the following items as they apply to their activities with the ECCSD:

- ECCSD rules
- Eastern Caribbean Securities Regulatory Commission (ECSRC) regulations as they apply to intermediaries
- Global Remote Back Office User Manual

BUSINESS DAYS

The Eastern Caribbean Central Securities Depository will be opened for business from 8:00am to 4:00pm Monday to Friday except for public holidays in the Federation of St Kitts and Nevis

REQUIREMENTS FOR A PARTICIPANT OF ECCSD

Participant Qualifications

To be considered for participation, the applicant must qualify as at least one of the following:

- a) a licensed broker dealer or limited service broker in good standing with a securities exchange licensed under the Securities Act ;
- b) a licensed Custodian;

- c) a regulated financial institution, which demonstrates to the Board of Directors of the ECCSD that it could reasonably expect material benefit from direct access to the ECCSD's services.

Minimum Paid Up Capital Requirement

Members of the ECSE

- Broker	\$1,000,000 EC
- Limited Service Broker	\$ 250,000 EC

For all other Participants, the paid up capital requirement is directly proportional to the volume of securities activity (or securities) held at the ECCSD.

Personnel

- ❖ Minimum of two (2) employees with at least one employee possessing two (2) years operational experience in the financial services industry. If no employee has two years operational experience, the organisation must have at least 2 employees with professional qualifications in the financial industry.
- ❖ At least one employee must successfully complete the System Certification Program and be certified to use the ECCSD software application
- ❖ CVs for employees in Senior Management positions (Principals), which should attest to their experience and capability.

Clearing Arrangements

- ❖ In accordance with Rule 8 Section 2 of the ECCSD rules, each Participant is required to have clearing arrangements with a Clearing Bank approved by the ECCSD to facilitate money settlement. Appendix i provides a listing of approved Clearing Banks.

Adequate physical facilities, books and records and procedures

- ❖ Minimum technology requirements as outlined below to enable connection to the ECCSD communications network.

External Client Workstation Configuration

All client workstations should be of the following minimum configuration:

- Pentium III Processor 500 MHz
- 128Mb RAM
- 4 Gb disk space
- SVGA video card w/ 8Mb VRAM
- 17" SVGA monitor (resolution of 1024*768, 75 Hz vertical sweep, non-interlaced)
- CD-ROM Drive
- 3.5" Floppy Drive
- Standard Keyboard and Mouse
- Ethernet 10/100-Mb/sec interface, RJ-45, twisted-pair.
- 2 RS-232 serial ports.
- 1 parallel port.
- Win 2000 SP2 or WinNT 4.0 Workstation operating system, Service pack 5.0
- (Microsoft Office97/2000 Professional Suite, Service pack Sr2b)
- Anti-Virus software (e.g. Norton Anti-Virus).
- Internet Explorer 5.5 SP2
- 56Kb V.90 modem for a dial-up networking connection directly into the ECSE site or through a telecom provider, depending on the facilities and services available.
- Participants are required to have some form of backup/recovery facilities to protect their critical data.
- Printer

- ❖ Books and records systems certified by the applicant's external auditor as adequate for maintaining current investor account information and investor securities segregation, as well as supporting required daily activity and position balancing with the Company.
- ❖ A fax machine to support backup procedures.
- ❖ Access to email capabilities is desirable.
- ❖ Written procedures for daily operations including receiving daily reports from the ECCSD regarding the applicant's activities and positions with the ECCSD and for verifying their completeness and accuracy promptly upon receipt. Applicant must notify the Company immediately of any errors or omissions on the ECCSD's reports.
- ❖ A permanent and physical office address.

PARTICIPANT ACCOUNTS

Each Participant of the ECCSD will be assigned a ECCSD Account with three sub-accounts for facilitating custody, transfer of securities and clearing and settlement:

Segregated Sub-Account – represent securities positions that are fully paid for by the Participant’s customers and must be kept separate and distinct from firm owned securities. Securities residing in this Sub-Account can not be used for settlement.

Free Sub-Account– security positions in this account usually represent one of the following:

- securities that are owned by the Participant for its own use
- securities owned by the Participant’s customers and are available to be used for the settlement of transactions.

Transfer-in Sub-Account – represent securities positions that have been moved from one Participant’s account to another Participant’s account since the delivering Participant does not know if the securities being moved are owned by the receiving Participant or its customers. The receiving Participant then moves the securities accordingly to its Free position, Segregated position or an account at the ECCSR.

TRANSFER OF SECURITIES

There are four types of transfers that Participants can perform to move securities at the ECCSD: (1) From Street Transfers (2) To Street Transfers 3) Sub-Account Transfers (4) Free Transfers.

From Street Name Transfer. moves securities from the Participant’s Segregated Account at the ECCSD to its customer’s account at the ECCSR or creates a new security account at the ECCSR. This transfer is usually used when

- an investor purchases securities and instructs the buying intermediary to move these purchased securities to the investor’s account at the ECCSR.
- an investor whose securities are held in nominee name at the ECCSD (Segregated position of the Participant) instructs the Participant to move the securities to an account at the ECCSR.

See Appendix (ii a) for notes on performing From Street Name Transfers.

To Street Name Transfer: moves securities from an investor's account at the ECCSR to a Participant's account at the ECCSD. This transfer is usually used when:

- a selling Participant moves securities from the selling investor's account at the ECCSR to the Participant's Segregated position at the ECCSD.
- an investor whose securities are held at the ECCSR wishes to have those securities held in nominee name at the ECCSD (in the Segregated position of the Participant). An example of this would be the case where the Participant may be acting as a custodian for the investor.

Free Transfer: moves positions from a delivering Participant's account at the ECCSD to a receiving Participant's account at the ECCSD. No money settlement is involved in this transfer. It is usually used:

- when an investor changes intermediaries and the intermediary is holding securities on the investor's behalf.
- to perform a pledge of securities from a pledgor (intermediary who needs money from a bank and is willing to give up securities as collateral) to a pledgee (a bank who is willing to lend money to a pledgor based on collateral under the bank's control or pledged to the bank as collateral).

Sub-Account Transfer: moves securities within the Participant's account at the ECCSD (from one Sub-Account position to another Sub-Account position). It is usually used:

- to move sold securities from the selling Participant's Segregated position to its Free position.
- to move purchased securities from the buying Participant's Free position to its Segregated position (if the securities belong to a investor).
- to move securities from the Transfer-In position to either the Free or Segregated position. These securities usually arise from Free Transfers.

Request for Transfers

ECCSD Participants can perform the four types of transfers listed above via the Global Remote Back Office (RBO) software. In the event that a Participant experiences technical difficulties in performing any of the transfers, a **Request for Transfer of Securities Form** (as provided in appendix ii b) should be completed by the Participant and faxed to the ECCSD. Any requests for transfers of securities required for settlement of trades must be submitted prior to final settlement being run on T+1.

CLEARING AND SETTLEMENT

Trade Date (T)

(8:00am–2:00pm)

- 1) Participant receives orders to buy and/or sell securities.
- 2) For selling investors, the Participant :
 - verifies account positions for investors with securities in nominee name at the ECCSD and/or at the ECCSR.
 - accesses Global RBO and performs a To Street Transfer to move selling investors' securities from the Eastern Caribbean Central Securities Registry (ECCSR) into the Participant's Segregated position at the ECCSD.
- 3) For buying investors, the Participant confirms that funds to support the order have been deposited into the investor's brokerage account with the Participant and that the investor cannot withdraw those funds until the completion of or cancellation of the transaction.
- 4) Participant enters sell and buy orders via the Sitrel System.

(2:00pm) ECSE cut-off time for trade input from brokers/dealers.

- 5) ECSE runs call auction and Broker/Dealer retrieves Trade Confirmation Data from Sitrel System.

Trade Processing

(2:30pm)

- 6) ECCSD processes trades.
- 7) Participant retrieves Trade Details Report and Settlement Project Reports using Global RBO.

(2:45pm)

- 8) Participant notifies its Clearing Bank to move funds from its segregated fund account to its clearing account in anticipation of settlement on T+1.
- 9) Participant accesses RBO and performs Sub-Account Transfer of securities for successful sell trades, to move securities from the Segregated position to the Free position in anticipation of settlement on T+1.

10) Participant transfers any securities for unsuccessful sell trades from its Segregated position to the investor's account at the ECCSR or leaves the securities in the Participant's Segregated position (as instructed by the investor).

(3:30pm)

11) ECCSD receives initial response fax from Clearing Banks affirming the money settlement transactions that the bank would honour and those it would potentially reject on T+ 1 due to insufficient funds in the Participant's clearing account.

(3:30pm - 4:00pm)

12) ECCSD contacts Participants about those payments that were rejected by Clearing Banks and instructs them to ensure that sufficient funds are in their clearing accounts by 8:30am on T+1 to allow settlement of trades.

13) ECCSD follows up with Clearing Banks on rejected items to obtain update on status of Participant's money balances.

Settlement

Trade Date +1 (T+1) Settlement Date

(8:30am – 10:00am)

14) ECCSD contacts each Clearing Bank that indicated at the close of T (4:00pm) that there were still insufficient funds in Participants' clearing accounts and requests an update on the status of those accounts. Any Participants that still have insufficient funds at this point will be contacted by the ECCSD and instructed to place the required amount of funds in their clearing account.

15) 10:00am is the deadline for buying Participants to move sufficient funds to clearing accounts at Clearing Banks or be subject to a discretionary fine or application of default procedures (refer to Default Participant Procedures for related processing).

(10:00am) - ECCSD Delivery Cut-Off Time for Selling Participants

16) Deadline for selling Participants that still have insufficient securities in their ECCSD Free position to:

- move the securities from the selling investors account at the ECCSR to the Participant's Free position at the ECCSD and/or
- perform the Sub-Account Transfer of securities from their Segregated positions to their Free positions.

Note: Any selling Participant failing to move the required securities to the Free position by 10:00am on T+1 will be deemed to be in a Fail to Deliver situation and becomes liable to a discretionary fine levied by the ECCSD (refer to Warnings, Fines and Suspension Procedures for related processing).

17) ECCSD runs settlement and produces settlement instructions on behalf of the Participants, their Clearing Banks and the ECCSD. As part of the settlement processing, the ECCSD system automatically transfers sold securities from the selling Participant's Free position to the buying Participant's Free position.

18) Participant access Global RBO and performs the following:

- retrieves Actual Settlement Reports.

(1:30pm) – Securities Transferred to Buyer’s Account at the ECCSD or ECCSR

19) Buying Participants perform Sub-Account Transfers of securities from Free position to Segregated position for investors who want securities to be held in nominee name at the ECCSD and/or perform From Street Transfers for those customers who want their securities held at the ECCSR.

NB. Securities should not be transferred to the Registry until the payment cycle of the settlement process is complete.

PARTICIPANT DEFAULTS AND BANKRUPTCIES

Participant default may be caused by a Participant's failure, or the Participant's Clearing Bank failure to meet obligations to settle with the ECCSD

Participant Failure to Meet Settlement Obligation

A Participant's failure to meet settlement obligations occurs when the Participant either a) fails to deliver securities on a sale obligation or b) fails to meet money payments on a purchase obligation. These procedures outline the following situations:

- ◆ Failure to Deliver Securities due for a Settlement
- ◆ Failure to Meet Money Payments due for a Settlement
- ◆ Bankrupt Participant
- ◆ Clearing Bank Default

Failure to Deliver Securities due for Settlement

A failure to deliver securities by a Participant could be either due to a procedural failure on the part of the Participant, such as, the Participant failing to transfer the securities sold from the Segregated position to the Free position in time for settlement or the Participant's non-possession of the securities.

Procedural Error

In the event of a procedural error, the ECCSD will request the Participant to transfer the securities in the proper manner in time for the settlement cycle. In such an eventuality, the ECCSD may also initiate action to help prevent such occurrences in the future by requiring the employees of the Participant to undergo additional training by the ECCSD and may take disciplinary action against the Participant as provided for in the ECCSD rules and these procedures.

Non-possession of Securities

The ECCSD will issue a letter of warning and/or fines to the Participant as part of its disciplinary procedures. The ECCSD may initiate the following steps:

- Require the Participant to obtain the securities and provide the same for settlement in the next settlement cycle.
- If the Participant is unable to initiate the above step and the security concerned has sufficient liquidity to be purchased in the market, the ECCSD may initiate a Buy-In where the securities bought in will be delivered to the original buyer. **All trading costs and losses resulting from this procedure will be applied to the failing Participant's account.**
- If the failure to deliver could not be resolved in any of the methods mentioned above, the ECCSD may exit the fail from the system by T+3.

If the same Participant has failed to deliver items repeatedly, the ECCSD will review the suitability of the Participant to continue as a Participant of the organisation.

Failure to Meet Money Payments due for Settlement

Failure to meet the money settlement obligations by a Participant could be either due to a procedural error, such as, the funds arranged for the settlement have been credited to a wrong bank account or the inability of the Participant to make available the required funds to their Clearing Bank due to the non- availability of funds.

In the event of a procedural error on the part of the Participant to provide the funds, the ECCSD, once satisfying itself of the circumstances, will permit the settlement to take place after making the necessary correction(s) and may subject the Participant to sanctions which may amount to a letter of warning and/or a fine as stipulated under the ECCSD rules and these procedures. The ECCSD may also require additional training for the personnel of the Participant to prevent such occurrences in the future.

A Participant's failure to make the required funds available could disrupt the settlement process and lead to great inefficiencies for the ECCSD. Hence Participants are urged to ensure that sufficient funds are in their clearing accounts prior to 10:00am on T+1. In the event of the Participant's failure to provide the required funds by such time, the following activities will take place accordingly:

Occurrence of Money Failure prior to Running Settlement

T+1 (8:30am – 10:am)

- 1) Clearing Bank notifies the ECCSD that the Participant is unable to meet its money settlement obligations.
- 2) ECCSD makes initial contact with Participant to verify/confirm that the Participant is unable to meet its settlement obligations. If the Participant can obtain the funds within the specified time-frame the settlement process continues as normal. If not, steps 3 to 5 will take place.
- 3) ECCSD suspends processing transactions on behalf of the defaulting Participant.
- 4) ECCSD notifies all counter Participants to trades of the defaulting Participant and advises these counter Participants to move any securities residing in the Free position to either the Segregated position or back to the selling investor's Registry account.
- 5) The ECCSD informs all other Participants, the ECSE and relevant regulatory bodies: the Eastern Caribbean Securities Regulatory Commission (ECSRC) and the Eastern Caribbean Central Bank (ECCB) of the suspension of services of the Participant.

Occurrence of Money Failure after Running Settlement

In instances where the ECCSD receives confirmation from the Clearing Banks by 10:am on T+1 that the required funds are available in the Participant's clearing account for settlement and the Participant, unknowingly to the ECCSD and in violation of the ECCSD rules and procedures, removes the funds prior to when settlement is run causing a failure, the following activities will take place accordingly:

T+1 (10:00am)

- 1) ECCSD runs settlement and produces settlement instructions on behalf of the Participants, their Clearing Banks and the ECCSD.

T+1 (10:00am – 11:00am)

- 2) Clearing Bank notifies the ECCSD that the Participant is unable to meet its money settlement obligations.
- 3) ECCSD contacts Participant to verify/confirm that the Participant is unable to meet its settlement obligations.
- 4) ECCSD suspends processing transactions on behalf of the failed Participant.

T+1(11:00am –12:00pm)

- 5) ECCSD notifies all Participants of the failed Participant's situation. It also informs the ECSE and relevant regulatory bodies: the Eastern Caribbean Securities Regulatory Commission (ECSRC) and the Eastern Caribbean Central Bank (ECCB) of the suspension of services to the Participant.
- 6) ECCSD returns securities from the failed Participant's Free position to the original selling Participant's account.
- 7) ECCSD processes funds adjustments to reverse money amounts of affected trades.

T+1 (12:00pm – 1:00pm)

- 8) ECCSD re-runs settlement minus the failed transactions of the failed Participant. The settlement process continues as normal in accordance with steps 17 and 18 under the Clearance and Settlement Timeline section.

Bankrupt Participant

Whenever the ECCSD is made aware that a Participant is insolvent, or determines to its reasonable satisfaction as per the ECCSD rules that a Participant is insolvent, the ECCSD may make a determination to cease to act for the Participant. If such decision is made, the ECCSD will immediately notify the Participant and the other Participants of the ECCSD that it has ceased to process transactions on behalf of the insolvent Participant. The ECCSD will also notify other relevant organisations: the Clearing Banks, ECSE, ECCSR, and the Securities Regulatory Commission of its decision.

- With regard to the outstanding settlement obligation(s) of the insolvent Participant, the ECCSD will exclude all transactions due to be settled on the day the ECCSD is notified of the Participant's insolvency. The activities will be undertaken in like manner of those outlined above in the section on Failure to Meet Money Payments due for Settlement.
- With regard to the disposition of securities held by the ECCSD for the failed Participant and its customers, the ECCSD will respond to instructions of the Participant or the appropriate legal authority to effect a prompt removal of those securities from the ECCSD account of the failed Participant.

Clearing Bank Default

In the event of a failure on the part of a Participant's Clearing Bank to meet the settlement obligations with the ECCSD, the ECCSD will notify the Participants affected of such failure. If the ECCSD is aware of the failure before settlement is run on T+1, it will notify the Participants using the failed Clearing Bank immediately and advise them to establish new clearing arrangements with another Clearing Bank. Information confirming the establishment of new Clearing Bank arrangements must be received by the ECCSD before 1:00pm on T+1 to enable settlement of transactions for T. Participants that are not able to establish arrangements with another Clearing Bank prior to such time on T+1, must do so before 10:00am on T+2 to enable settlement of any outstanding transactions.

The Participants will appoint a new Clearing Bank from among the Clearing Banks that are approved by the ECCSD to ensure the unhindered progress of the settlement process. Failure on the part of the Participant(s) to appoint a new Clearing Bank by T+2 will result in the ECCSD suspending processing of further transactions on behalf of those Participant(s). In such cases, the other Participants of the ECCSD, as well as the ECSE and ECSRC will be duly informed of the Participant's suspension. Participants that are not able to establish new Clearing Bank arrangements by such time will be notified by the ECCSD that settlement will be rerun minus:

- any buy transactions that would negatively affect the failed Clearing Bank if only buy transactions are effected that day, or
- any combination of buy and sell transactions for the same Participant.

Note: The Transactions of selling participants that used failing clearing banks to settle will not be reversed.

The ECCSD will return securities to the original selling Participants from buying Participants that received securities and used failed Clearing Bank to settle. It will also process the necessary funds adjustments.

Failed Collecting Bank

In instances where the failed Participant's Clearing Bank is a "collecting bank" and the ECCSD has already paid the settlement amounts due to the Participant(s) to the "collecting bank" and the "collecting bank" fails prior to settling with the Participant(s), the ECCSD considers such amounts paid to the "collecting bank" as amounts settled to the Participant(s) concerned and would be under no further obligation to the Participant(s) concerned for such amounts.

Failed Paying Bank

In instances where the failing Participant's Clearing Bank is a "paying bank" and the Participant has made available the net amount due for settlement to the "paying bank" prior to the "paying bank's" failure, the ECCSD considers such amounts as outstanding obligations to the ECCSD from the Participant(s) and the Participant(s) must make alternative arrangements as noted above to settle such amounts in a manner acceptable to the ECCSD.

WARNINGS, FINES AND SUSPENSION OF PARTICIPANTS

Failure to Deliver Securities or Money Payment

Failure on the part of a Participant to deliver required securities for settlement on T+1 or to make funds available in their clearing accounts on T and subsequently on T+1 pursuant to the Rules and Procedures of the ECCSD will result in disciplinary action by the ECCSD. A letter will be issued to the Participant indicating:

- Details of the failed transaction(s)
- Number of prior offences within a 12 month period
- Penalty incurred as a result of the transgression.

Note: Refer to Participant Default Procedures as they relate to money payment failures.

First Offence: no suspension but Participant may be fined.

Second and Third Offences: fines of increasing severity will be levied on the failing Participant.

Fourth Offence: a heavy fine will be imposed on the Participant as well as suspension of thirty (30) days from the ECCSD. No new trades from the ECSE will be received during this period of suspension on behalf of the suspended Participant.

For each of the above offences the Participant may also be required to undergo additional training from the ECCSD.

Any subsequent offence within a twelve-month (1 year) period will result in an automatic suspension for an indefinite period. The ECCSD's board will review the Participant's membership and make a determination regarding possible reinstatement.

These warning and fine letters are initiated in cases where the offences occur during a twelve-month (1 year) period. If more than one year has elapsed between offences then the "First Offence" warning letter would be issued. See appendix (iii) for further details on ECCSD fines.

Protest of Disciplinary Action by Participant

If the Participant wishes to protest against the imposed fine, the Participant must complete the **ECCSD Protest Letter on Fines or Suspensions** as provided in appendix (iv). An authorised signatory of the Firm must sign this document, and the seal of the company must be included.

Upon receipt of the ECCSD Protest Letter, the ECCSD Board of Directors will undertake the following action:

- 1) Appoint a panel pursuant to ECCSD Rules to review the Participant's appeal along with the documentation from the ECCSD Management Team.
- 2) Within three (3) business days of receipt of the Participant's letter, the ECCSD panel will schedule a hearing with the Participant to hear any verbal arguments regarding their protest. The Participant can represent itself or have an attorney act on its behalf. The ECCSD panel may also hear verbal comments from the ECCSD Management Team. If the Participant chooses to waive the hearing, this must be specifically stated in the Protest Letter.
- 3) The ECCSD panel shall issue a written decision on the matter and shall, within three (3) business days of hearing, transmit it to the Participant. The Participant may appeal any decision made by the ECCSD panel by requesting a review of the case by the Commission.

BENEFICIAL SECURITIES HOLDER RECORD DATE REPORTING

Beneficiary Securities Holders Reporting

Periodically, Participants will be required to submit to the ECCSR details of the beneficiary securities holders held by the Participant in its role of nominee, as of a specific Record Date. *Record Date* refers to the date on which an investor must be registered as a securities holder on the records of a company in order to be entitled to any corporate actions (cash and stock dividends, stock splits, interest and principal payments) by the Company, or among other things, to vote on company affairs. The Rules of the ECCSD provide for the submission of this information to the ECCSR.

When such requests are received, the Participant will have three (3) business days after the specified record date to respond. The response process is facilitated via the use of the Remote Back Office Nominee Shareholder Accounting Application. Each Participant will be trained on the use of the Remote BackOffice Nominee Shareholder Accounting Application as part of the system training and certification process of becoming a Participant of the ECCSD. Via this application, the Participant can electronically source all Corporate Action Notifications and scheduling, as well as provide the ECCSR with the Beneficial Securities Holders' account information for their Depository positions.

The Participant is required to report beneficiary holder information for only those issues for which it has positions. Should the Participant experience any difficulty in supplying the information by the required date, the ECCSD and ECCSR should be notified immediately. Any Participant failing to comply with the ECCSR's request will be subject to suspension from future access to the ECCSR and will be reported to the regulatory commission for failing to supply the requested information.

OBLIGATIONS REGARDING CORPORATE ACTIONS

The ECCSR may pay cash disbursements on behalf of Issuers to beneficiary securities holders. This process takes place outside of the normal settlement process. If the Participant holds securities in nominee name at the ECCSD, then the ECCSR will issue one payment to the Participant for all securities held for the Issue. The Participant will then be responsible for disbursing the cash payments to each of the beneficiary securities holders it holds in nominee.

Similarly, if there is a corporate action in the form of a stock split or stock dividend, the Participant will be responsible for accounting for the revised positions of each of the securities holders that have a position with the Participant.

REPORTING REQUIREMENTS AND POSITION CONFIRMATION

Financial Reporting Requirements

Each Participant must prepare financial reports in accordance with the ECSRC regulations and ECCSD rules and these procedures. Such reports include the submission of:

- 1) semi-annual un-audited financial statements within thirty (30) days after the end of the half-year;
- 2) annual financial statements audited by auditors approved by the Securities Regulators within 120 days after the end of the financial year;
- 3) net capital report within two weeks after the end of the month.

Position Confirmation Required By The Internal Audit Of The ECCSD

At the end of each calendar month, the Participants will be expected to reconcile their beneficiary securities holders file per issue against that held by the ECCSD, via the Remote Back Office application. This reconciliation should then be filed with the ECCSD within 10 business days of each month- end. The purpose of seeking such confirmation from the Participants is to ensure any errors that may have occurred during the course of the previous month's processing have all been properly documented and to ensure corrective action has been initiated.

Failure on the part of the Participants to confirm the positions as reported by the ECCSD may result in the Depository imposing appropriate penalties against the Participants as permitted by the rules and procedures of the ECCSD.

Position Confirmation Required By The External Audit Of The ECCSD

The external auditor of the ECCSD will conduct an audit of the ECCSD system once a year. As part of this audit, the auditor may communicate to each Participant its balances with the ECCSD as of the ECCSD's financial year-end. The Participants will be required to respond to the auditor within fifteen (15) business days of receipt of the request.

Failure on the part of the Participants to confirm to the auditor prior to this deadline may result in the ECCSD imposing appropriate penalties against the Participants as prescribed in the rules.

Position Confirmation Required by the External Auditors of the Participant's Company

The Participants are required to have an external auditor to conduct a financial and operational audit of their company once each calendar year and submit an audit report to the ECCSD and the ECSRC before the expiration of 120 days from the date of the Participant's financial year-end. This audit should be conducted by an auditor approved by the Securities Regulators. The ECCSD may impose penalties as prescribed in its rules for any delays on the part of the Participant to submit the audit report by the above deadline.

Any audit of a Participant must also include an audit of its record keeping systems including external confirmation by investors of positions held by the Participant. In the event the Participant requires confirmation from the ECCSD with regard to security balances, the ECCSD upon request will provide duplicate reports for the date specified directly to the Participant's external auditor.

CHANGE OF PARTICIPANT ACCOUNT DETAILS

To change the account details of a Participant, the ECCSD must receive **two signed originals** of the **Participant Change of Details Form** (as provided in appendix v) from the Participant.

APPENDICES

(i) Listing of Approved Clearing Banks

Antigua Commercial Bank
Antigua and Barbuda Investment Bank
Bank of Nevis
Bank of St Lucia
National Commercial Bank of Dominica
National Commercial Bank (SVG) Limited.
St Kitts Nevis Anguilla National Bank

(ii a) From Street Transfers

Single Individual Accounts

- If the customer does not own securities listed on the ECSE then use the Long Form when performing the From Street transfer for the shares purchased.

When completing the Long Form the following

Long Form Field Name	Data to be entered
Passport Number	Date of Birth in format DOB DDMMYYYY
Region	Country

- If the Customer owns securities listed on the ECSE then use the Registry Account Number to perform the from street transfer
- Complete and submit the Payment Option Form to the ECCSR

Corporate Accounts

- If the Corporation does not own securities listed on the ECSE then use the Long Form when performing the From Street transfer for the shares purchased.

When completing the Long Form the following

Long Form Field Name	Data to be entered
Commerce Number	Registration Number
Region	Country

- If the Corporation owns securities listed on the ECSE then use the Registry Account Number to perform the from street transfer.
- Complete and submit the Payment Option Form to the ECCSR

Joint Accounts

- If the Primary Person does not own securities listed on the ECSE then enter the information for the Primary Person using Long Form in the RBO when performing the From Street transfer for the shares purchased. Ten minutes after the transfer is complete the Investor ID and Registry Account Number will appear on the transfer list for that individual. Enter this number on the Joint Account Holders Form.
- If the Primary Person owns securities listed on the ECSE then enter the information for one of the co-owners who does **not** own securities listed on the ECSE using the Long Form in the RBO when performing the From Street transfer for the shares purchased. Please indicate on the New Joint Account Form the co-owner which was input via the RBO.
- If all parties to the joint account own securities listed on the ECSE but would like to open a new account together then **the From Street Transfer should not be done.** The New Joint Account Form should be completed and submitted to the ECCSR **via email.** The ECCSR will then assign the joint account holders a new Registry Account number that will be submitted to the intermediary who will then perform the From Street Transfer to that Registry Account.
- Complete and submit the following to the registry via mail:
 - New Joint Account Holders Form
 - Primary Person Designation Form
 - Payment Option Form.

(ii b) Request for Transfer of Securities Form

Participant Name: _____

Participant Account Number: _____

Contact Person at Firm: _____

Contact Phone Number : _____

Date Transfer(s) Effective: _____
(must be post dated)

<p><u>Sub-Account Transfer</u></p> <p>From Positions: <input type="checkbox"/> Free <input type="checkbox"/> Segregated <input type="checkbox"/> Transfer-In</p> <p>To Positions: <input type="checkbox"/> Free <input type="checkbox"/> Segregated <input type="checkbox"/> Transfer-In</p> <p>Security Symbol: _____</p> <p>Quantity: _____</p>	<p><u>Free Transfer</u></p> <p>From Positions: <input type="checkbox"/> Free <input type="checkbox"/> Segregated <input type="checkbox"/> Transfer-In</p> <p>To Positions: <input type="checkbox"/> Transfer-In</p> <p>Receiving Account # _____</p> <p>Security Symbol: _____</p> <p>Quantity: _____</p>	<p><u>From Street Name</u></p> <p>From Positions: <input type="checkbox"/> Free <input type="checkbox"/> Segregated <input type="checkbox"/> Transfer-In</p> <p>Account # at ECCSR _____</p> <p>Security Symbol: _____</p> <p>Quantity: _____</p>
<p><u>Sub-Account Transfer</u></p> <p>From Positions: <input type="checkbox"/> Free <input type="checkbox"/> Segregated <input type="checkbox"/> Transfer-In</p> <p>To Positions: <input type="checkbox"/> Free <input type="checkbox"/> Segregated <input type="checkbox"/> Transfer-In</p> <p>Security Symbol: _____</p> <p>Quantity: _____</p>	<p><u>Free Transfer</u></p> <p>From Positions: <input type="checkbox"/> Free <input type="checkbox"/> Segregated <input type="checkbox"/> Transfer-In</p> <p>To Positions: <input type="checkbox"/> Transfer-In</p> <p>Receiving Account # _____</p> <p>Security Symbol: _____</p> <p>Quantity: _____</p>	<p><u>From Street Name</u></p> <p>From Positions: <input type="checkbox"/> Free <input type="checkbox"/> Segregated <input type="checkbox"/> Transfer-In</p> <p>Account # at ECCSR _____</p> <p>Security Symbol: _____</p> <p>Quantity: _____</p>

Completed by:

Date

Authorized Signature:

Date:.....

(iii) **Fines Schedule**

Eastern Caribbean Central Securities Depository Fines

ECCSD Members are fined for violations of the rules and procedures of the ECCSD. The severity of the fine is linked to the gravity and the frequency of the infraction.

Participants should also note that the following list of offences and the associated fines should not be viewed as exhaustive. The ECCSD reserves the right to add to the following list periodically, in response to prevailing market practices.

Offence	Applicable rule	Fine
Failure to deliver Securities First Offence Second Offence Third Offence Fourth Offence	<u>Rules 5, 6 & 8</u>	No fine \$1,000 \$2,000 \$5,000
Failure to deliver Money Payments First Offence Second Offence Third Offence Fourth Offence	<u>Rule 8</u>	No fine \$1,000 \$2,000 \$5,000
Failure to submit Monthly position statements	Rule 3	\$500

(v) ECCSD Participant Account Add/Change/Delete Form

Account Information

Name of Participant: _____

Type of participant: _____

Authorized Representative:

Contact Name: _____

Contact Position: _____

Phone: _____

Fax: _____

Email: _____

Account Information Change(s): _____

Date to change _____

Authorized Signature of Participant: _____

To be filled out by ECCSD Personnel Only:

ECCSD Acct Number: _____

Date of Change: _____

Completed by: Date:

Authorized by: Date